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ANNUAL REPORT

St. Lawrence Columbium and Metals Corporation

(NO PERSONAL LIABILITY)

This report is not intended to be a solicitation or an offer to buy or sell shares of the Company and is issued only for the purpose of keeping the stockholders informed.

All technical information is based on published sources as well as other sources which we consider to be reliable.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

Dominion Square Building,
1010 St. Catherine St. W.,
Montreal 2, Que.

March 1967

OFFICERS:

President: JEAN-JOFFRE GOURD, Q.C., Montreal

Vice-president, General Counsel: JEAN MONETTE, Q.C., Montreal

Vice-president, Mines and Metallurgy: J.-CLAUDE CARON, Eng., Montreal

Vice-president: PAUL E. RIVERIN, Eng., Montreal

Secretary-treasurer: RICHARD STAINES, C.A., Montreal

DIRECTORS:

MICHEL FOURNIER, Banque de l'Indochine, Paris, France.
JEAN-JOFFRE GOURD, Q.C., Advocate, Montreal.
JEAN MONETTE, Q.C., Advocate, Montreal.
PAUL E. RIVERIN, Eng., Mining Engineer, Montreal.
PETER N. THOMSON, Executive, Montreal.
J. EMERSON THORS, Kuhn, Loeb & Co., Investment Bankers, New York.
HENRY J. WOLFF, Chadbourne, Parke, Whiteside & Wolff, Attorneys, New York.

Mine Manager:	DONALD LARONDE, Eng.
Transfer Agents:	Eastern & Chartered Trust Company, Montreal & Toronto.
Bankers:	Canadian Imperial Bank of Commerce, Montreal.
Executive Office:	Dominion Square Building, 1010 St. Catherine St. W., Montreal.
Mine Office:	Oka, Quebec.
Listed:	Canadian Stock Exchange, Montreal.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION
(NO PERSONAL LIABILITY)

COMPARATIVE SUMMARY

FISCAL YEAR ENDED SEPTEMBER 30	1966	1965
Tons milled	406,698	383,553
Lbs. of Cb_2O_5 produced	2,647,667	2,203,985
Revenue from production	$3,188,114	$2,328,638
Operating costs	$1,928,236	$1,591,744
Administrative and selling expenses, interest and mining taxes	$ 321,046	$ 282,809**
Outside exploration	$ 9,573	—
Profits before depreciation and write-offs	$ 929,259	$ 454,495**

**Revised

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

To the Shareholders: March 1967.

I am pleased to submit herewith the report on the operations of your Company, its financial statements and the report of the mine manager for the fiscal year ended September 30th, 1966.

Production, sales and profits before depreciation and amortization reached an all time high for the five year history of your Company.

Revenue from production amounted to $3,188,144 compared to $2,328,638 in the 1965 fiscal year.

Net revenue from production was $929,259 for the period, more than double that of $452,597 for the previous fiscal year. Retained earnings for the year were $454,295, equal to $0.155 per share after provision of $474,964 for depreciation and amortization.

As mentioned in the 1965 annual report, the tax exempt period ended on February 28th, 1966. Accordingly, decision has been made to make provision, for the first time, for depreciation on buildings and equipment and amortization of Pre-Production Expenses. Consequently, no income tax is payable in respect of the 1966 fiscal year.

Your management made a careful review of the investment in buildings and equipment and the Pre-Production Expenses on the Oka properties which appear on the Balance Sheet as a deferred item.

It was considered appropriate to determine a basis for depreciation. This was fixed so as to write off the cost of the assets over the useful life.

With the open pit operation shortly coming to an end, Pre-Production Expenses in such connection were written off entirely as at September 30th, 1966.

The charges made for depreciation and amortization of Pre-Production Expenses were apportioned between the revenue from production for the fiscal year ended September 30th, 1966 and earned surplus from prior years, on the basis of tons milled in each period.

Future charges for depreciation and amortization are expected to be sufficient to minimize any income tax liability over the next several years.

Capital expenditures during the year amounted to $860,000. Further capital expenses relating to conversion from open pit to underground mining and to various improvements to our facilities are estimated at $400,000 for the current fiscal year, which will be provided for out of cash flow.

Since October last, production and sales have been maintained at levels comparable to those of the same period in 1965. Underground development work is proceeding at a high pace.

Exploration and diamond drilling carried out in the past on the property of Main Oka Mining Corporation (N.P.L.) as well as on two groups of mining claims (one of 87.27 acres adjoining to the south the Company's Oka properties, and the other of 60.75 acres lying between the first group and the property of Oka Columbium Metals Ltd, wholly-owned subsidiary of your Company) indicated the possibility of locating orebodies. In fact, recent work shows that an ore zone located on the Company's property continues on to the Main Oka property.

Consequently, during the year your Company purchased 42% of the outstanding shares of Main Oka Mining Corporation (N.P.L.) and the two groups of mining claims mentioned for the total purchase price of $190,000, payable without interest in five annual instalments.

It is believed that the acquisitions will have an important bearing on the long term outlook of your Company.

The purchase agreement, which is dated May 31st, 1966, will be submitted to the shareholders at the annual meeting for confirmation.

Demand for columbium is still growing as a result of technological developments respecting its use in industry. The needs of modern technology are constantly more severe with ever greater requirements for materials with better properties, such as higher strength, increased toughness and greater corrosion resistance. Columbium is playing an important role in the greater use of such high quality materials.

Preliminary estimates of the U.S. Bureau of Mines are that U.S. imports for consumption of columbium mineral concentrates were 4800 tons in 1966, almost double the 2446 tons imported in 1965. In addition to this significant increase from commercial sources, U.S. consumers have also been supplied by sales from the General Services Administration stockpile, roughly equivalent to 2200 tons of concentrates.

The growth trend of columbium consumption as an additive in steels was sustained and marked by such spectacular development as the use of columbium-treated carbon steels in Japan's new 200,000 ton super-tanker Idemitsu Maru. It is expected that the weight saving effect of such use will increase the ship's loaded capacity.

Use of columbium alloys in steam turbine blades, aircraft and missile parts, and in a host of high temperature applications is beginning to have a significant impact on columbium consumption. For instance, thousands of pounds of nickel-columbium alloys are used for each General Electric TF-39 engine which will equip the C-5A aircraft, the world's largest airlifter.

Usage of nickel-columbium alloys for gas turbine blades, of titanium-columbium alloys for hypersonic flight vehicles, of cupro-nickel-columbium alloys for marine service is projected at many thousands of tons by 1968 and is contributing to the bright future of this metal.

Due to this expanded demand, and despite increased supplies from other sources, prices for columbium concentrates have been strengthening during this year and stood at a level satisfactory both for producers and consumers. As a major world supplier of this product, your Company has a leading position, ready to respond with flexibility to the huge potential development of this market.

The Board of Directors takes this opportunity to express their appreciation to the management and operating staff for their cooperation and excellent services rendered throughout the year.

On Behalf of the Board,

Jean-Joffre Gourd,
President.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION
(NO PERSONAL LIABILITY)

MINE MANAGER'S REPORT

The present report covers the operations at the Company's property for the year ending September 30th, 1966.

PRODUCTION

Total production of columbium pentoxide (Cb_2O_5) amounted to 2,647,667 pounds, an increase of 21% over the 2,203,985 pounds produced during the similar period last year. Total value of production was $3,188,114 compared to $2,328,638 in 1965.

MILLING

The mill treated 406,698 tons assaying 0.468% Cb_2O_5 compared to 383,553 tons assaying 0.430% in 1965.

ORE RESERVES

As of September 30th, 1966, ore reserves consisted of 2,952,000 tons of ore grading 0.46% Cb_2O_5, located within a radius of 1000 feet from the shaft, all above the 1000 foot level.

SUMMARY OF DEVELOPMENT

Underground mining was initiated from the pit walls. Six stopes were developed through the driving of 3,904 feet of 15′ x 15′ drifts and 529 feet of raising. These stopes supplied 41% of the mill feed.

A total of 52,483 feet of diamond drilling, both surface and underground, was completed during the year.

A 154 foot 4-compartment steel head-frame was erected, along with hoist-rooms, change-house for 125 employees, machine-shop, and garage. Enlargements have also been completed to the engineering and geology offices and warehouse. An extension to the present mill is presently being completed that will facilitate the operations, while also giving room for further expansion of the mill capacity, if required.

The 4-compartment shaft was sunk to an initial depth of 1345 feet. Four stations were cut. This will allow mining to take place on the upper 3 levels or to a depth of 1000 feet. The fourth level will be developed laterally and used as a diamond drill base to outline the new rich zone found through deep surface drilling and which was referred to in the May 1966 annual report.

Lateral development from the shaft stations is in progress and the underground mine is scheduled to begin supplying mill feed in March 1967. This tonnage will be increased steadily to replace the ore presently coming from the open pits. Open pit mining will probably be completed in the fall of 1967.

REMARKS

A new three-year collective labour agreement was signed in August 1966. Employer-employee relations remain excellent.

I wish to express my thanks to the President and Directors for their confidence and assistance, and to the operating staff for their efficient work and good team spirit during this busy period.

Respectfully submitted,

D. J. LaRonde, Eng.,
Mine Manager.

December 1966.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended September 30, 1966

FUNDS PROVIDED:		
Operating results		$929,259.09
Consisting of —		
Retained earnings for the year	$454,295.00	
Charges against operations which in themselves did not require a cash outlay during the year:		
Depreciation	288,684.48	
Amortization of Pre-Production Expenses	186,279.61	
	$929,259.09	
Refund of Mining Tax		1,697.91
		$930,957.00
FUNDS APPLIED:		
Additions to buildings, equipment and shaft	$856,314.28	
Advances to Subsidiaries	4,105.85	
Special Refundable Tax	10,733.48	
Paid on application for mining concession	7,941.80	879,095.41
Excess of funds provided over funds applied		$ 51,861.59

Resulting in an increase of working capital as follows:

	Sept. 30, 1966	1965	Increase
Current Assets	$899,903.17	$683,614.32	
Current Liabilities	576,589.31	412,162.05	
Working Capital	$323,313.86	$271,452.27	$ 51,861.59

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

BALANCE SHEET

as at September 30, 1966

ASSETS

CURRENT ASSETS:		
Cash	$ 104,607.58	
Receivable after Reserve for Bad Debts	470,795.10	
Stock of Concentrates Valued at the Net Estimated Selling Price	154,202.43	
Stock of Material and Supplies at Cost	152,984.56	
Prepaid Expenses	17,313.50	$ 899,903.17
SPECIAL REFUNDABLE TAX		10,733.48
DEFERRED:		
Interest	$ 3,785.37	
Pre-Production Expenses on Oka Properties at Cost less Amounts Written Off	340,648.83	
Development Expenses on Other Properties	67,206.40	411,640.60
INTEREST IN MINING COMPANIES:		
Shares at Cost (No Quoted Market Value)	$ 692,600.38	
Advances	287,854.64	980,455.02
FIXED ASSETS: — At Cost		
Land and Buildings	$ 792,883.37	
Shaft, Machinery, Equipment and Furniture	2,581,210.93	
	$3,374,094.30	
Less: Accumulated Depreciation	891,637.01	
	$2,482,457.29	
Mining Properties	1,953,781.52	4,436,238.81
INCORPORATION AND ORGANIZATION EXPENSES		7,058.19
		$6,746,029.27

Approved on behalf of the Board of Directors:

JEAN-J. GOURD, *Director*

JEAN MONETTE, *Director*

Montreal, January 18, 1967.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

BALANCE SHEET
as at September 30, 1966

LIABILITIES

CURRENT LIABILITIES:		
Bank Loan	$ 200,000.00	
Accounts and Wages Payable and Accrued Charges	352,162.05	
Estimated Quebec Mining Tax Payable	2,026.22	
Special Refundable Tax Payable	1,872.13	
Accounts Payable in Monthly Instalments Maturing within One Year	20,528.91	$ 576,589.31
OTHER LIABILITIES:		
Accounts Payable on Equipment Not Maturing within One Year	$ 11,146.00	
Secured Loan 4½% Interest, Due on October 9, 1967	268,984.37	
Purchase Price of Mining Properties and Shares under Agreement dated May 31, 1966	190,000.00	
Loan from Directors 4½% Interest Due on October 1, 1968	284,675.00	754,805.37

SHAREHOLDERS' EQUITY

CAPITAL STOCK: (Note for Options Granted)		
Authorized:		
5,000,000 Shares at $1.00 Par Value a Share	$5,000,000.00	
Issued and Paid Up:		
2,923,016 Shares at $1.00 Each	$2,923,016.00	
Premium on Shares	299,500.00	
	$3,222,516.00	
CAPITAL SURPLUS	1,947,954.34	
EARNED SURPLUS	244,164.25	5,414,634.59
		$6,746,029.27

AUDITORS' REPORT

To the Shareholders of St. Lawrence Columbium and Metals Corporation.

Gentlemen:

We have examined the balance sheet of St. Lawrence Columbium and Metals Corporation as at September 30, 1966 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, statements of profit and loss and earned surplus and the note attached to financial statements, present fairly the financial position of the company as at September 30, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the depreciation of fixed assets and amortization of pre-production expenses which are claimed for the first time.

DENIS, DESMARAIS, HOULE ET ASSOCIÉS,
Chartered Accountants.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED
September 30th, 1966

REVENUE FROM PRODUCTION		$3,188,114.51
Less:		
Mine Operating Cost	$1,928,235.62	
Administrative, Financial and Selling Expenses	313,797.60	
Outside Exploration	9,572.68	2,251,605.90
		$ 936,508.61
Less:		
Estimated Quebec Mining Tax		7,249.52
		$ 929,259.09
Less:		
Depreciation and Amortization:		
Buildings and Equipment	$ 288,684.48	
Pre-Production Expenses	186,279.61	474,964.09
RETAINED EARNINGS FOR THE YEAR		$ 454,295.00

STATEMENT OF EARNED SURPLUS

BALANCE AS AT SEPTEMBER 30, 1965		$ 966,220.18
Add:		
Adjustment of Quebec Mining Tax for prior year	$ 1,697.91	
Retained earnings for the year	454,295.00	455,992.91
		$1,422,213.09
Less:		
Depreciation not charged in prior years	$ 602,952.53	
Amortization of Pre-Production expenses	554,397.56	
Development Expenses on other properties made in prior years	20,698.75	1,178,048.84
BALANCE AS AT SEPTEMBER 30, 1966		$ 244,164.25

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

INTEREST IN MINING COMPANIES

as at September 30, 1966

	Investments	Advances
Anaconda Iron Ore Ontario Ltd.:		
60,000 Free Shares	$ 36,983.66	
Gaspé Metals Ltd.:		
188,200 Free Shares		
1,081,100 Escrowed Shares	70,787.50	
Lake St. Joseph Iron Ltd.:		
1,026,666 Escrowed Shares	1.00	$280,351.91
Oka Columbium & Metals Ltd:		
900,000 Free Shares		
965,000 Escrowed Shares	211,000.00	5,002.73
Main Oka Mining Corporation:		
163,266 Free Shares		
700,400 Escrowed Shares	86,366.60	
Sundry Investments acquired through the issuance of fully paid and non assessable shares of the capital stock of St. Lawrence River Mines Ltd., a predecessor company:	287,461.62	
a) Oka Columbium & Metals Ltd:		
635,000 Escrowed Shares		
b) Antiquois Mining Corporation:		
150,000 Free Shares		
750,000 Escrowed Shares		
Antiquois Mining Corporation:		2,500.00
	$692,600.38	$287,854.64

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY

STATEMENT OF CAPITAL SURPLUS

as at September 30, 1966

BALANCE AS AT SEPTEMBER 30, 1965	$1,957,944.39
Deduct:	
Cost of Claims in Bousquet Township abandoned	9,990.05
BALANCE AS AT SEPTEMBER 30, 1966	$1,947,954.34

NOTE TO FINANCIAL STATEMENTS

as at September 30, 1966

Note — The following options to purchase shares of the capital stock of the Company were outstanding:

1) To Officers: 15,000 shares at a price of $3.50 per share, all expiring on April 1, 1967.

2) To Various Employees: 63,000 shares at a price of $2.50 per share, all expiring on October 1, 1971.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

ÉTAT DE SURPLUS DE CAPITAL

au 30 septembre 1966

SOLDE AU 30 SEPTEMBRE 1965	$1,957,944.39
Déduire:	
Coût des claims abandonnés — Canton Bousquet	9,990.05
SOLDE AU 30 SEPTEMBRE 1966	$1,947,954.34

NOTE AFFÉRENTE AUX ÉTATS FINANCIERS

au 30 septembre 1966

Note — Options accordées pour achats d'actions de la compagnie:

1) A certains officiers: 15,000 actions au prix de $3.50 l'action, échéance le 1er avril 1967.

2) A divers employés: 63,000 actions au prix de $2.50 l'action, échéance le 1er octobre 1971.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

PARTICIPATIONS DANS COMPAGNIES MINIÈRES

au 30 septembre 1966

	Actions	Avances
Anaconda Iron Ore Ontario Ltd		
60,000 actions	$ 36,983.66	
Gaspé Metals Ltd.		
188,200 actions libres		
1,081,110 actions entiercées	70,787.50	
Lake St. Joseph Iron Ltd.		
1,026,666 actions entiercées	1.00	$280,351.91
Oka Columbium & Metals Ltd		
900,000 actions libres		
965,000 actions entiercées	211,000.00	5,002.73
Main Oka Mining Corporation		
163,266 actions libres		
700,400 actions entiercées	86,366.60	
Diverses actions acquises contre des actions entièrement libérées de St. Lawrence River Mines Ltd., compagnie originaire:	287,461.62	
a) Oka Columbium & Metals Ltd		
635,000 actions entiercées		
b) Antiquois Mining Corporation		
150,000 actions libres		
750,000 actions entiercées		
Antiquois Mining Corporation		2,500.00
	$692,600.38	$287,854.64

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

ÉTAT DE PROFITS ET PERTES
DE L'EXERCICE CLOS LE 30 SEPTEMBRE 1966

REVENU DE LA PRODUCTION		$3,188,114.51
Déduire:		
Coût de la production	$1,928,235.62	
Frais d'administration, de finance, et de vente	313,797.60	
Exploration sur autres terrains	9,572.68	2,251,605.90
		$ 936,508.61
Déduire:		
Provision pour droits sur les mines		7,249.52
		$ 929,259.09
Déduire:		
Amortissement:		
Bâtiments et outillage	$ 288,684.48	
Frais préliminaires d'exploitation	186,279.61	474,964.09
BÉNÉFICES NON RÉPARTIS DE L'EXERCICE		$ 454,295.00

ÉTAT DU SURPLUS D'EXPLOITATION

SOLDE AU 30 SEPTEMBRE 1965		$ 966,220.18
Ajouter:		
Redressement des droits sur les mines	$ 1,697.91	
Bénéfices non répartis de l'exercice	454,295.00	455,992.91
		$1,422,213.09
Déduire:		
Amortissements non portés en compte des années antérieures:		
Bâtiments et outillage	$ 602,952.53	
Frais préliminaires d'exploitation	554,397.56	
Frais d'exploration — autres propriétés	20,698.75	1,178,048.84
SOLDE AU 30 SEPTEMBRE 1966		$ 244,164.25

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

BILAN
au 30 septembre 1966

PASSIF

EXIGIBILITÉS:		
Emprunt bancaire	$ 200,000.00	
Comptes à payer, salaires et frais courus	352,162.05	
Provision pour droits sur les mines	2,026.22	
Impôt fédéral de 5% à payer	1,872.13	
Mensualités sur machinerie à moins d'un an	20,528.91	$ 576,589.31
PASSIF À LONG TERME:		
Mensualités sur machinerie à plus d'un an	$ 11,146.00	
Emprunt gagé, 4½%, échéance le 9 octobre 1967	268,984.37	
Prix d'achat de propriétés minières et d'actions — contrat du 31 mai 1966	190,000.00	
Emprunt des administrateurs, 4½%, échéance le 1er octobre 1968	284,675.00	754,805.37

CAPITAL-ACTIONS ET SURPLUS

CAPITAL-ACTIONS (voir note)		
Autorisé:		
5,000,000 actions d'une valeur nominale de $1.00 chacune	$5,000,000.00	
Emis et versé:		
2,923,016 actions à $1.00 chacune	2,923,016.00	
Primes sur actions	299,500.00	
	$3,222,516.00	
SURPLUS DE CAPITAL	1,947,954.34	
SURPLUS D'EXPLOITATION	244,164.25	5,414,634.59
		$6,746,029.27

RAPPORT DES VÉRIFICATEURS

Aux actionnaires de St. Lawrence Columbium and Metals Corporation.

Nous avons examiné le bilan de St. Lawrence Columbium and Metals Corporation au 30 septembre 1966 et ses états de profits et pertes et de surplus d'exploitation de l'exercice clos le même jour.

Notre revision a comporté un examen de la procédure comptable en usage dans l'entreprise et tels sondages des livres et pièces et autres preuves considérés comme nécessaires dans les circonstances.

A notre avis, le bilan, les états de profits et pertes et de surplus d'exploitation ci-joints et la note présentent équitablement la situation financière de la compagnie au 30 septembre 1966 et les résultats de son exercice clos le même jour, compte tenu des principes comptables généralement reconnus et dont l'application n'a pas différée de l'exercice précédent, sauf l'amortissement des immobilisations et des frais préliminaires d'exploitation, porté en compte pour la première fois.

DENIS, DESMARAIS, HOULE et ASSOCIÉS,
Comptables Agréés.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

BILAN
au 30 septembre 1966

ACTIF

DISPONIBILITÉS:		
Caisse	$ 104,607.58	
Comptes à recevoir moins provision pour mauvaises créances	470,795.10	
Stocks:		
Concentrés au prix de vente net estimé	154,202.43	
Approvisionnements au coût	152,984.56	
Frais payés d'avance	17,313.50	$ 899,903.17
IMPÔT FÉDÉRAL DE 5% REMBOURSABLE		10,733.48
FRAIS DIFFÉRÉS:		
Intérêts	$ 3,785.37	
Frais préliminaires d'exploitation sur les propriétés d'Oka au coût moins amortissement	340,648.83	
Frais de mise en valeur — autres propriétés minières	67,206.40	411,640.60
PARTICIPATIONS DANS COMPAGNIES MINIÈRES:		
Actions au prix coûtant, non cotées	$ 692,600.38	
Avances	287,854.64	980,455.02
IMMOBILISATIONS AU COÛT:		
Terrain et bâtiments	$ 792,883.37	
Puits d'extraction, machinerie, outillage et mobilier	2,581,210.93	
	$3,374,094.30	
Moins amortissement accumulé	891,637.01	
	$2,482,457.29	
Propriétés minières	1,953,781.52	4,436,238.81
FRAIS DE CONSTITUTION ET DE PREMIER ÉTABLISSEMENT		7,058.19
		$6,746,029.27

Approuvé au nom du Conseil d'Administration:

JEAN-J. GOURD, *administrateur*

JEAN MONETTE, *administrateur*

Montréal, le 18 janvier 1967.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITE PERSONNELLE)

ÉTAT DES MOUVEMENTS DE TRÉSORERIE

de l'exercice clos le 30 septembre 1966

PROVENANCE DES FONDS

Résultats de l'exploitation		$929,259.09
Composés comme suit:		
Bénéfices non répartis de l'exercice	$454,295.00	
Charges de l'exercice n'occasionnant aucun déboursé:		
Amortissement des immobilisations	288,684.48	
Amortissement des frais préliminaires d'exploitation	186,279.61	
	$929,259.09	
Remboursement de droits sur les mines		1,697.91
		$930,957.00

UTILISATION DES FONDS

Nouvelles immobilisations aux bâtiments, outillage et puits d'extraction	$856,314.28	
Avances aux filiales	4,105.85	
Impôt spécial remboursable	10,733.48	
Demande de concession minière	7,941.80	879,095.41
Excédent des entrées sur les sorties		$ 51,861.59

Reflété par l'augmentation du fonds de roulement:

	le 30 septembre 1966	le 30 septembre 1965	Augmentation
Disponibilités	$899,903.17	$683,614.32	
Exigibilités	576,589.31	412,162.05	
	$323,313.86	$271,452.27	$ 51,861.59

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

RAPPORT DU GÉRANT DE LA MINE

Ce rapport couvre les opérations à la propriété de la Compagnie pour l'année terminée le 30 septembre 1966.

PRODUCTION

La production de pentoxyde de columbium (Cb_2O_5) s'est élevée à 2,647,667 livres, marquant une augmentation de 21% sur les 2,203,985 livres produites pendant l'année précédente. La valeur globale de la production a été de $3,188,114 à comparer à $2,328,638 en 1965.

TRAITEMENT DU MINERAI

406,698 tonnes d'une teneur de 0.468% Cb_2O_5 ont été usinées, contre 383,553 tonnes d'une teneur de 0.430% Cb_2O_5 en 1965.

RÉSERVES DE MINERAI

Au 30 septembre 1966, les réserves s'établissaient à 2,952,000 tonnes de minerai d'une teneur de 0.46% Cb_2O_5, situées dans un rayon de 1000 pieds du puits et en deçà de 1000 pieds de profondeur.

DÉVELOPPEMENT

L'extraction souterraine a été commencée à partir des fosses à ciel ouvert. Six chantiers d'abattage ont été établis à partir de 3904 pieds de galeries aux dimensions de 15′ x 15′ et de 529 pieds d'ascenderies. Ces chantiers d'abattage ont fourni 41% du minerai traité.

Au total 52,483 pieds de forage au diamant ont été pratiqués pendant l'année, à la fois à partir de la surface et de stations souterraines.

Un chevalement en acier à 4 compartiments, d'une hauteur de 154 pieds, a été érigé, ainsi qu'un bâtiment pour les treuils, un vestiaire pour 125 employés, un atelier de réparation et un garage. Les bureaux des ingénieurs, des géologues et l'entrepôt ont également été agrandis. L'on termine actuellement une addition à l'usine de concentration, ce qui facilitera les opérations, tout en augmentant l'espace disponible pour une nouvelle augmentation de la capacité d'usinage, si nécessaire.

Le puits à 4 compartiments a été foncé à une profondeur initiale de 1345 pieds. Quatre recettes ont été aménagées. Ceci permettra d'extraire le minerai à partir des 3 niveaux supérieurs, c'est-à-dire jusqu'à une profondeur de 1000 pieds. Le quatrième niveau sera percé latéralement et servira de base pour les foreuses à diamant qui exploreront la nouvelle zone de minerai à haute teneur indiquée par des forages à grande profondeur effectués depuis la surface et à laquelle il était fait allusion dans le rapport annuel de mai 1966.

Le développement latéral à partir des stations se poursuit et il est prévu que la mine souterraine commencera à fournir du minerai dès mars 1967. Cette source de minerai prendra progressivement plus d'importance et remplacera graduellement le minerai actuellement fourni à partir des fosses. L'exploitation à ciel ouvert sera probablement terminée à l'automne 1967.

REMARQUES GÉNÉRALES

Une nouvelle convention collective de travail a été signée en août 1966 pour une durée de trois ans. Les relations avec les employés demeurent excellentes.

Permettez-moi d'exprimer mes remerciements au Président et aux Administrateurs pour leur confiance et leur aide, ainsi qu'aux membres du personnel pour leur travail efficace et leur excellent esprit d'équipe pendant cette période particulièrement active.

Respectueusement soumis,

D. J. LaRonde, Ing.,
Gérant de la mine.

Décembre 1966.

Ces acquisitions devraient avoir une influence importante sur les perspectives d'avenir de votre Compagnie.

Le contrat d'achat en date du 31 mai 1966 sera soumis aux actionnaires pour confirmation à l'assemblée générale annuelle.

Les progrès technologiques relatifs aux applications du columbium dans l'industrie continuent d'entraîner une demande croissante de ce produit. La technique moderne requiert des normes toujours plus serrées et exige de plus en plus, dans les matériaux qu'elle emploie, de meilleures caractéristiques telles que dureté accrue, plus grande résistance à la rupture, à la corrosion. Le columbium joue un rôle important dans l'usage croissant de ces matériaux de haute qualité.

Aux Etats-Unis, selon les estimés préliminaires du Bureau des Mines, les importations de concentrés de columbium ont été de 4,800 tonnes en 1966, soit près du double des 2,446 tonnes importées en 1965. A cette augmentation considérable des fournitures provenant de sources commerciales, il faut ajouter les ventes provenant des stocks stratégiques américains (stockpile) qui représentent approximativement l'équivalent de 2,200 tonnes de concentrés.

La consommation du columbium comme élément d'alliage dans les aciers a montré une tendance soutenue à l'accroissement. A titre d'exemple spectaculaire, on peut noter l'emploi d'acier au carbone traité au columbium dans le nouveau pétrolier géant japonais de 200,000 tonnes Idemitsu Maru. Il est prévu que l'économie de poids résultant de l'emploi de ces aciers permettra d'augmenter la capacité du navire.

L'emploi d'alliages au columbium dans les pales des turbines à vapeur, dans l'industrie aéronautique, la construction des missiles, et dans une foule d'applications comportant une exposition à de hautes températures, commence à avoir une influence importante sur la consommation du columbium. Par exemple, des milliers de livres d'alliages nickel-columbium sont utilisés dans chacun des moteurs General Electric TF-39 qui doivent équiper le C-5A, le plus grand avion-cargo du monde.

Il est prévu que l'utilisation d'alliages au nickel-columbium pour les pales de turbines à gaz, d'alliages au titanium-columbium pour les véhicules supersoniques, d'alliages de cuivre-nickel-columbium pour la construction navale représentera plusieurs milliers de tonnes dès 1968, contribuant ainsi au brillant avenir de ce métal.

En raison de cette demande accrue, et malgré l'augmentation des approvisionnements provenant d'autres sources, les prix des concentrés de columbium se sont affermis pendant l'année et se sont tenus à un niveau satisfaisant à la fois pour les producteurs et les consommateurs. Fournisseur d'importance mondiale, votre Compagnie joue un rôle majeur sur ce marché au potentiel énorme auquel elle continuera de s'identifier.

Le Conseil d'Administration est heureux à cette occasion d'exprimer son appréciation à la Direction et au Personnel de la Compagnie pour leur coopération et les excellents services rendus durant toute l'année.

Au nom du Conseil d'Administration,

Mars 1967,

Jean-Joffre Gourd,
Président.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION
(LIBRE DE RESPONSABILITÉ PERSONNELLE)

Aux actionnaires:

Il me fait plaisir de vous soumettre le rapport des opérations de votre Compagnie, les états financiers, et le rapport du Gérant de la mine pour l'exercice financier terminé le 30 septembre 1966.

La production, les ventes et les profits avant amortissements ont atteint un niveau record pour les cinq années d'opérations de votre Compagnie.

La valeur de la production s'est élevée à $3,188,144 à comparer à $2,328,638 pour l'exercice précédent.

Les bénéfices bruts ont été de $929,259 pour cette période, soit plus du double des $452,597 réalisés au cours de l'exercice précédent. Les bénéfices nets de l'exercice sont de $454,295, soit $0.155 par action, après déduction de $474,964 pour amortissements.

Tel qu'indiqué dans le rapport annuel de 1965, la période d'exemption d'impôt s'est terminée le 28 février 1966. Il a donc été décidé d'enregistrer pour la première fois la dépréciation sur les bâtiments et l'équipement et d'amortir certaines dépenses de développement différées. En conséquence, il n'y a pas d'impôt sur le revenu à payer pour l'exercice financier terminé en 1966.

Les comptes d'immobilisation — bâtiments et équipement — ainsi que les dépenses de développement sur les propriétés d'Oka qui étaient portés au bilan à un compte de frais différés ont été examinés attentivement par la Direction. Il a été jugé opportun de déterminer une base d'amortissement telle que le coût des actifs soit amorti en fonction de leur durée d'utilisation.

Comme l'exploitation à ciel ouvert sera bientôt terminée, les dépenses de développement relatives à cette opération ont été entièrement amorties au 30 septembre 1966.

Les amortissements ont été déduits d'une part des bénéfices bruts pour l'année terminée le 30 septembre 1966, d'autre part du surplus d'exploitation accumulé pendant les années précédentes, sur la base des tonnages de minerai usinés respectivement dans chaque période.

Les impôts sur le revenu des prochaines années devraient être négligeables en raison de l'importance des amortissements disponibles à cette fin.

Les dépenses d'immobilisation se sont élevées à $860,000 pour l'année. Des investissements complémentaires d'environ $400,000 sont prévus pour l'année courante pour apporter diverses améliorations à nos installations actuelles et compléter la préparation de la mine souterraine. La Compagnie financera ce programme à même ses recettes.

Depuis octobre dernier, la production et les ventes se sont maintenues à des niveaux comparables à ceux de la période correspondante en 1965. Les travaux de développement souterrain se poursuivent à un rythme rapide.

Des travaux d'exploitation et des forages au diamant effectués auparavant sur les propriétés de Main Oka Mining Corporation (N.P.L.) ainsi que sur deux groupes de claims miniers (l'un de 87.27 acres adjacent au sud des propriétés d'Oka de votre Compagnie, et l'autre de 60.75 acres situé entre le premier groupe et la propriété de Oka Columbium & Metals Ltd, filiale en propriété exclusive de votre Compagnie) avaient indiqué des possibilités de gisements. En fait, des travaux récents montrent qu'une zone de minerai située sur la propriété de votre Compagnie se continue sur celle de Main Oka.

En conséquence, votre Compagnie a acheté au cours de l'année 42% des actions émises de Main Oka Mining Corporation (N.P.L.) ainsi que les deux groupes de claims miniers mentionnés ci-dessus, pour un prix total de $190,000, payable sans intérêt en cinq annuités.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

TABLEAU COMPARATIF

EXERCICES TERMINÉS LE 30 SEPTEMBRE	1966	1965
Tonnage usiné	406,698	383,553
Livres de Cb_2O_5 produites	2,647,667	2,203,985
Revenu de la production	$3,188,114	$2,328,638
Coût de la production	$1,928,236	$1,591,744
Frais d'administration, de vente, intérêts et droits sur les mines	$ 321,046	$ 282,809**
Dépenses d'exploration — autres propriétés	$ 9,573	—
Profit net avant amortissements	$ 929,259	$ 454,495**

**Revisé

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

Édifice du Carré Dominion,
1010 ouest, rue Ste-Catherine,
Montréal 2, Qué.

Mars 1967

OFFICIERS:

Président: JEAN-JOFFRE GOURD, C.R., Montréal

Vice-président — Conseiller général: JEAN MONETTE, C.R., Montréal

Vice-président, Mines et Métallurgie: J.-CLAUDE CARON, Ing., Montréal

Vice-président: PAUL E. RIVERIN, Ing., Montréal

Secrétaire-trésorier: RICHARD STAINES, C.A., Montréal

CONSEIL D'ADMINISTRATION:

MICHEL FOURNIER, Banque de l'Indochine, Paris, France.
JEAN-JOFFRE GOURD, C.R., Avocat, Montréal.
JEAN MONETTE, C.R., Avocat, Montréal.
PAUL E. RIVERIN, Ing., Ingénieur Minier, Montréal.
PETER N. THOMSON, Administrateur, Montréal.
J. EMERSON THORS, Kuhn, Loeb & Co., Banquiers en Valeurs, New York.
HENRY J. WOLFF, Chadbourne, Parke, Whiteside & Wolff, Avocats, New York.

Gérant de la Mine:	DONALD LARONDE, Ing.
Agents de Transfert:	Eastern & Chartered Trust Company, Montréal et Toronto.
Banquiers:	Banque de Commerce Canadienne Impériale, Montréal.
Siège social:	Édifice du Carré Dominion, 1010 ouest, rue Ste-Catherine, Montréal 2.
Bureau de la Mine:	Oka, Qué.
Cotation:	Bourse Canadienne, Montréal.

Ce rapport n'est pas publié dans l'intention de solliciter ou d'offrir d'acheter ou de vendre des actions de la Compagnie, mais dans le seul but d'informer les actionnaires.

Tous les renseignements techniques qu'il contient sont basés sur des publications ainsi que sur d'autres sources que nous considérons comme dignes de confiance.

RAPPORT ANNUEL

St. Lawrence Columbium and Metals Corporation

(LIBRE DE RESPONSABILITÉ PERSONNELLE)

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

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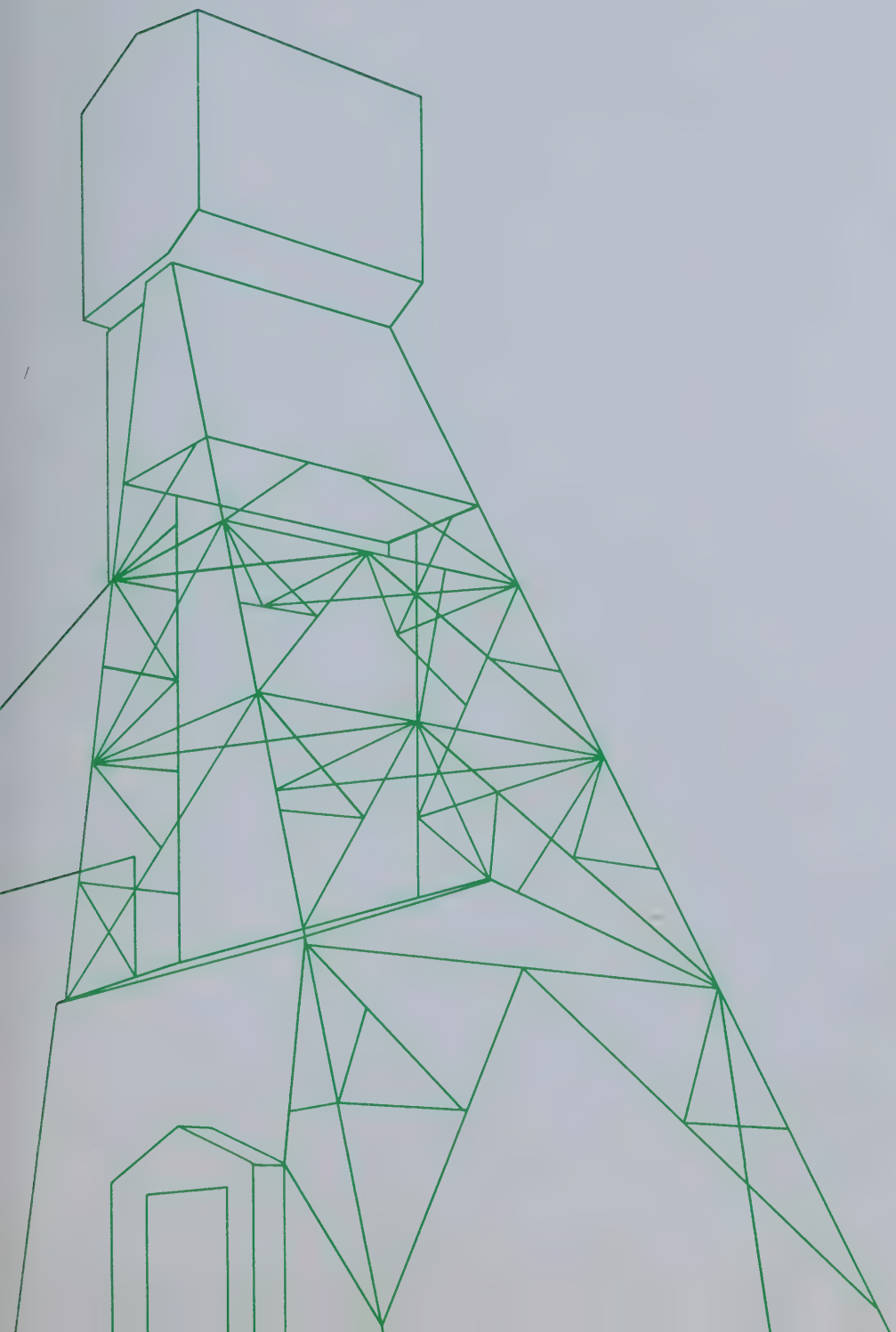


ANNUAL REPORT

FOR YEAR ENDED
SEPTEMBER 30, 1967

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

ANNUAL REPORT

FOR YEAR ENDED SEPTEMBER 30, 1967

This report is not intended to be a solicitation or an offer to buy or sell shares of the Company and is issued only for the purpose of keeping the stockholders informed.

All technical information is based on published sources as well as other sources which the Company considers to be reliable.

Sur demande, il nous fera plaisir de vous adresser l'édition française de ce rapport.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

February 1968

OFFICERS:

President: JEAN-JOFFRE GOURD, Q.C.

Executive Vice-President: J.-CLAUDE CARON, Eng.

Vice-President, General Counsel: JEAN MONETTE, Q.C.

Vice-President: PAUL E. RIVERIN, Eng.

Treasurer: RICHARD STAINES, C.A.

Secretary: DENIS RAYNAUD

DIRECTORS:

WILFRID E. DODD, Executive, London, England

MICHEL FOURNIER, Banque de l'Indochine, Paris, France

JEAN-JOFFRE GOURD, Q.C., Advocate, Montreal

JEAN MONETTE, Q.C., Advocate, Montreal

PAUL E. RIVERIN, Eng., Mining Engineer, Montreal

PETER N. THOMSON, Executive, Montreal

J. EMERSON THORS, Kuhn, Loeb & Co., Investment Bankers, New York

HENRY J. WOLFF, Chadbourne, Parke, Whiteside & Wolff, Attorneys, New York

Transfer Agents:	Canada Permanent Trust Company, Montreal & Toronto
Bankers:	Canadian Imperial Bank of Commerce, Montreal
Executive Offices:	Dominion Square Building, 1010 St. Catherine St. W., Montreal 2
Mine Office:	Oka, Quebec
Listed:	Canadian Stock Exchange, Montreal

At Oka, near the Lake of Two-Mountains,
32 miles from the heart of Montreal, St. Lawrence established,
in 1961, the first large scale columbium mining operation
in North America.

COMPARATIVE SUMMARY

FISCAL YEAR ENDED SEPTEMBER 30

	1967	1966	1965	1964	1963
Tons milled	369,642	406,698	383,553	321,585	291,403
Lbs. of Cb_2O_5 produced	2,368,225	2,647,667	2,203,985	2,091,725	1,393,536
Revenue from production	$2,799,982	3,188,114	2,328,638	2,164,443	1,337,821
Operating costs	$2,170,411	1,928,236	1,591,744	1,506,288	1,024,182
Administrative and selling expenses, interest and mining taxes	$ 286,771	321,046	282,809	225,986	196,507
Profits before depreciation and amortization	$ 342,799	929,259	454,495	432,169	117,132

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

To the Shareholders: February 1968

Fiscal 1967 was a year of major transition for the Company. The major capital and development programs involving a total expenditure of $2,000,000, financed exclusively out of earnings, were completed and placed the Company firmly in position to take full advantage of the excellent growth potential projected for columbium markets. Further, we have achieved important progress towards enlarging our interests in other metals — preliminary moves in establishing diversified overall operations, with an ultimate goal aimed at attaining a solid position in the mining of silver and base metals.

For the year ended September 30, 1967, net operating profits were $342,799 compared with $929,259 for the previous year. After provision for depreciation, retained earnings for fiscal 1967 were $19,294 which compares with $454,295 reported for the earlier year.

Two principal factors were responsible for the decline in last year's earnings. By far the most important was the combination of additional costs incurred in relation to and decreased production resulting from the conversion from open pit to underground mining and bringing the new milling facilities on stream. While these extensive non-recurring expenses, of course, substantially reduced our immediate profits, such expenditures greatly enhance our future prospects.

The second adverse influence on profits has been the oversupply of columbium concentrates which resulted in a reduction of product prices towards the end of the fiscal year. Consequently, most of the producers temporarily curtailed their production. As a result, an adverse effect on earnings is anticipated for the current fiscal year. As with any new metal, extensive research and sales efforts are required to develop a broad market potential which will keep pace with rising production, and such has been the case with columbium. From 1960 to 1966, although world production expanded to historical highs, demand grew at an even greater rate. However, in 1966, major production increases, primarily from South America, were responsible for a sizeable surplus and subsequent price weakening.

Trade sources believe columbium has reached the low point in the current price cycle and that demand factors are establishing a base for more profitable operations. Based on present indications, columbium is joining a growing number of international commodities sold under disciplined world marketing policies. Also, industry sources look for a substantial improvement in steel demand during 1968 and an even greater consumption of columbium alloys. Finally, and most important, new uses for columbium point to major market breakthroughs which will place consumption, during the next decade, far in excess of present demand. From its present entrenched position, the Company expects to more than keep pace with the expanding needs for columbium products.

Extremely promising forecasts are being made for the future of columbium in both steel and other alloys. Increased use of columbium in the continuous casting of steel, for example, should lead to accelerated demand for ferro-columbium. Projections for tonnages of steel produced via the continuous casting process in the U.S. alone range as high as 50 million tons annually by 1970 compared with approximately 1.3 million tons in 1966.

Non-ferrous metals alloyed with columbium are also gaining in use. Within the past few years, columbium-treated nickel has enjoyed growing applications in turbine engines and the latest nickel-columbium alloy, Inconel 718, combines properties of high strength, heat resistance and weldability.

Columbium's largest potential may well be with the aerospace and nuclear industries. Present markets include tubing for liquid cooled thrust chambers and other propulsion units for space vehicles. Missile and airframe manufacturers have begun using larger amounts of columbium-based alloys for nose cone and leading wing edges of high speed flight vehicles. Columbium metal has a low nuclear cross section which makes it and other columbium-based alloys especially suitable for a number of nuclear applications. It is the answer, as a metal, to many technical problems created by the advanced modern industrial techniques.

The extensive development and expansion programs completed at St. Lawrence give access to large reserves of higher grade columbium ore, and provide a greater mill capacity of between 1500 - 1700 tons daily, depending upon ore grades, compared with 1966 capacity of approximately 1300 tons per day. Present operations are highly mechanized, permitting low labor costs. With the underground mine in full operation, management expects to achieve a substantial reduction in operating costs.

Projects carried out included opening a four-compartment shaft to 1345 feet; establishment of two mining levels; installation of a hoist with a capacity of up to 4000 tons from depths of 2000 feet; construction of a 154-foot all steel headframe; mill extension; building of a ferro-columbium plant; new machine and electrical shops, a sub-station, compressor house, hoist room and mine dry.

Currently, underground mining is being conducted on the first two levels. Estimated reserves, thus far, are 2,980,000 tons grading 0.48% columbium pentoxide. It should be noted that this tonnage does not include indicated substantial reserves located below 1000 feet. Based on underground drilling to-date this ore would appear to be of higher grade than that of the upper levels.

St. Lawrence has continued its active research and development program. Our unique concentration process has been constantly improved since the initial installation. Additional research is in progress to further increase our percentage of recovery of Cb_2O_5 from the ore and thus reduce unit production costs. Having developed a successful technology for the production of ferro-columbium, the Company's staff is now engaged in research work to open new markets for St. Lawrence concentrates — columbium oxide, for example, to produce higher quality ferro-columbium, nickel columbium, and to recover rare earths present in the concentrates.

With the completion of the majority of our programs to greatly strengthen the Company's position in columbium, a second major project will be to broaden our scope of activities in other mining areas. An important step in this direction was taken recently with the announcement that Antiquois Mining Corporation, our wholly-owned subsidiary, through financing arranged by St. Lawrence, is now engaging in various mining ventures. This represents a planned program to expand, diversify and pursue more vigorously our investment and exploration activities in certain promising deposits of silver and base metals.

In essence, St. Lawrence has successfully overcome the problems – both technical and economical – inherent in all new industries. We are now prepared for significant advances based on the major growth projected for columbium and on our plans to establish a diversified mining organization.

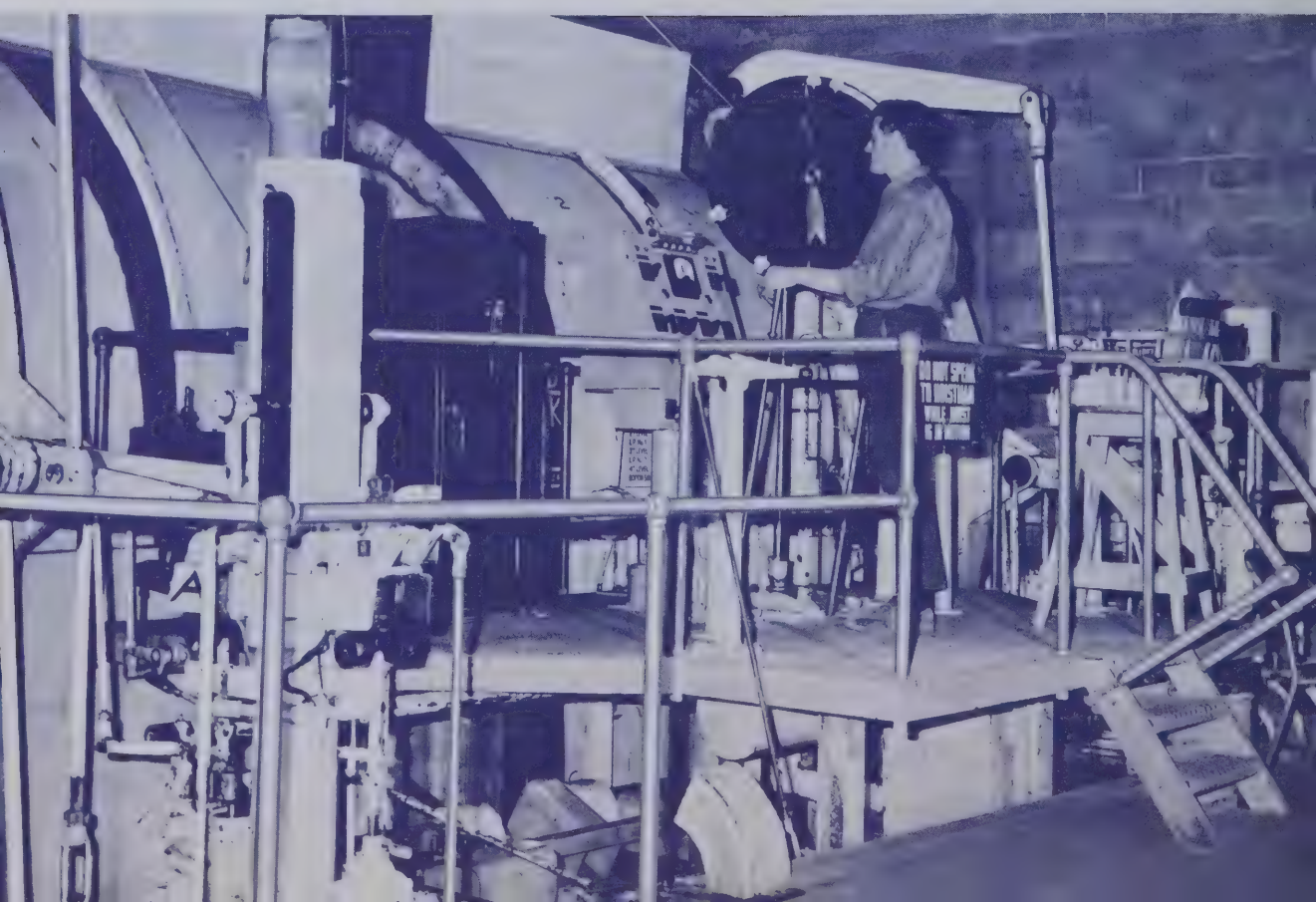
We expect to participate fully in the projected growth for columbium and the many alloys for which markets have begun to open. Mining has never been an easy business, and success is not achieved overnight. Nevertheless, management at St. Lawrence is confident that the foundations have been carefully prepared to greatly improve both our intermediate and long range outlook.

On Behalf of the Board,

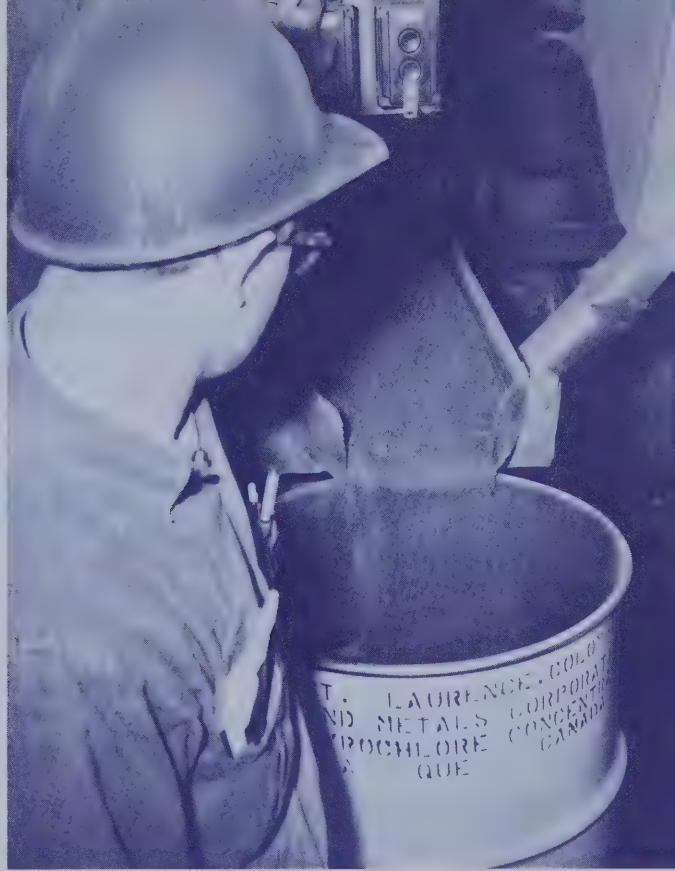
Jean-Joffre Gourd,
President

1967
A YEAR OF
VITAL EXPANSION

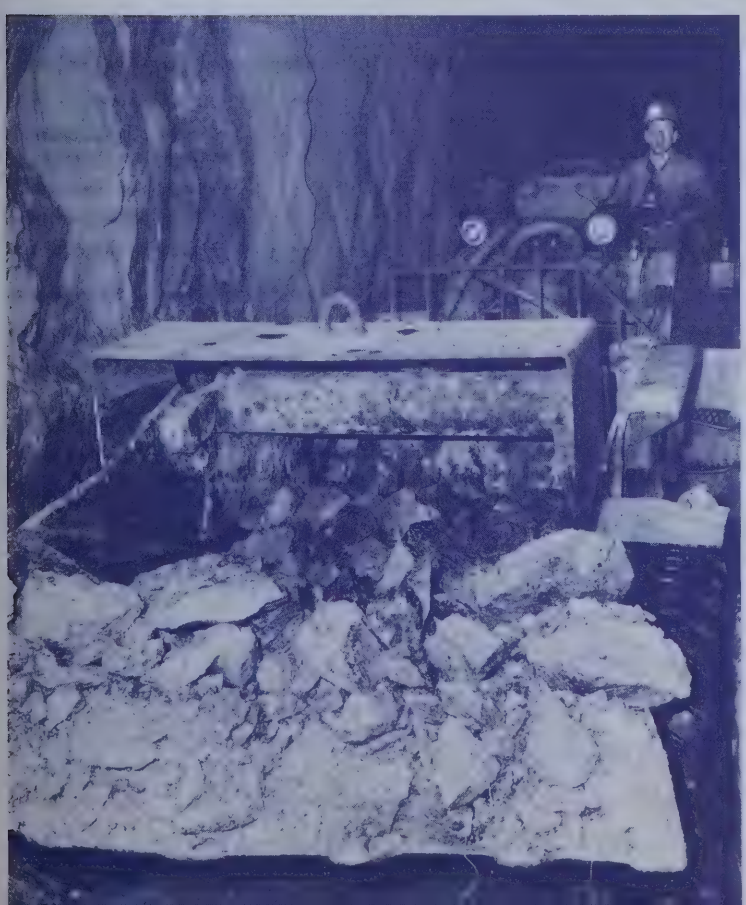
The powerful hoist is capable of handling up to 4000 tons per day from a depth of 2000 feet. The recent $2,000,000 capital and development programs completed by the Company have provided for further expansion in capacity to meet increasing demand from the world's market.



A 154-foot four-compartment steel headframe has been erected by the Company at the head of its 1345 foot deep shaft. Since December 1967, all mill feed has been supplied from the underground workings.



Columbium concentrates are produced by a highly advanced process, developed by the Company's research staff and carefully controlled at each step. Last year, St. Lawrence sold $2,800,000 of columbium products throughout the world.



Mining in the newly opened underground workings is characterized by a high degree of mechanization. Modern, efficient machinery manned by skilled operators is helping to reduce production costs.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

BALANCE SHEET

as at September 30, 1967

ASSETS

CURRENT ASSETS:		
Cash	$ 101,526.78	
Receivable after Reserve for Bad Debts	293,058.87	
Stock of Concentrates Valued at the Net Estimated Selling Price	158,687.57	
Stock of Material and Supplies at Cost	132,340.79	
Prepaid Expenses	12,992.37	$ 698,606.38
SPECIAL REFUNDABLE TAX		19,214.61
DEFERRED:		
Interest	$ 3,282.30	
Pre-Production Expenses on Oka Properties at Cost less Amounts Written Off	340,648.83	
Development Expenses on Other Properties	67,206.40	411,137.53
INTEREST IN MINING COMPANIES:		
Shares at Cost (Not Quoted Market Value)	$ 692,600.38	
Advances	287,254.57	979,854.95
FIXED ASSETS: — At Cost		
Land and Buildings	$ 911,547.81	
Shaft, Machinery, Equipment and Furniture	2,865,559.87	
	$3,777,107.68	
Less: Accumulated Depreciation	1,215,142.11	
	$2,561,965.57	
Mining Properties	1,945,857.72	4,507,823.29
INCORPORATION AND ORGANIZATION EXPENSES		7,058.19
		$6,623,694.95

Approved on behalf of the Board of Directors:

JEAN-J. GOURD, *Director*

JEAN MONETTE, *Director*

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

BALANCE SHEET

as at September 30, 1967

LIABILITIES

CURRENT LIABILITIES:		
Bank Loan	$ 225,000.00	
Accounts and Wages Payable and Accrued Charges	194,252.28	
Secured Loan 4½% Interest, due October 9, 1967 (Note 3)	268,671.87	
Accounts Payable in Monthly Instalments Maturing within One Year	38,462.53	
Instalment due April 1, 1968 on Purchase of Assets	30,000.00	$ 756,386.68
OTHER LIABILITIES:		
Accounts Payable on Equipment not Maturing within One Year	$ 8,704.71	
Instalments due April 1, 1969 to April 1, 1971 on Purchase of Assets (No Interest)	140,000.00	
Loan from Directors 4½% Interest, due October 1, 1968	284,675.00	433,379.71

SHAREHOLDERS' EQUITY

CAPITAL STOCK: (Note 1 for Options Granted)		
Authorized:		
5,000,000 Shares $1.00 Par Value each	$5,000,000.00	
Issued and Paid Up: (Note 2)		
2,923,016 Shares	$2,923,016.00	
Premium on Shares	299,500.00	
	$3,222,516.00	
CAPITAL SURPLUS	1,947,954.34	
EARNED SURPLUS	263,458.22	5,433,928.56
		$6,623,694.95

AUDITORS' REPORT

To the Shareholders of St. Lawrence Columbium and Metals Corporation.

We have examined the balance sheet of St. Lawrence Columbium and Metals Corporation as at September 30, 1967 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, statements of profit and loss and earned surplus and the notes attached to the financial statements, present fairly the financial position of the Company as at September 30, 1967 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the amortization of pre-production expenses which was not provided in said year, with which change we concur.

DENIS, DESMARAIS, HOULE ET ASSOCIÉS,
Chartered Accountants.

Montreal, December 11, 1967.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 1967

REVENUE FROM PRODUCTION		$2,799,982.15
Less:		
Mine Operating Cost (Note 4)	$2,159,939.33	
Administrative and Selling Expenses	246,989.04	
Financial Expenses	39,782.34	
Outside Exploration	10,472.37	2,457,183.08
		$ 342,799.07
Less:		
Depreciation:		
Buildings and Equipment		323,505.10
RETAINED EARNINGS FOR THE YEAR		$ 19,293.97

STATEMENT OF EARNED SURPLUS

BALANCE AS AT SEPTEMBER 30, 1966	$ 244,164.25
Add:	
Retained earnings for the year	19,293.97
BALANCE AS AT SEPTEMBER 30, 1967	$ 263,458.22

NOTES TO FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 1967

Note 1 — The following options to purchase shares of the capital stock of the Company were outstanding:
To various employees: 47,000 shares at a price of $2.50 per share, all expiring on October 1, 1971.

Note 2 — Since September 30, 1967, 125,000 shares of the capital stock of the Company have been issued at $2.25 per share. The proceeds were used by the Company to purchase 1,000,000 shares of Antiquois Mining Corporation, its wholly-owned subsidiary.

Note 3 — Since September 30, 1967 the Secured Loan due October 9, 1967, with 4½% interest, in the amount of $268,671.87 has been repaid with the proceeds of a six year term loan in the amount of $270,000, with interest at the rate of 8% per annum and quarterly capital repayments of $11,250. In the year ending September 30, 1968 capital repayments on the term loan will total $33,750. As collateral for the new term loan 60,000 shares of Anaconda Iron Ore (Ontario) Ltd. and a First Mortgage Bond of the Company in the amount of $400,000 have been pledged. Payment of the First Mortgage Bond is secured by a first hypothec, mortgage and pledge of the Company's fixed assets at Oka, Quebec, and a floating charge on other assets.

Note 4 — Development Expenses of the underground mine have been charged to Operating Cost.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1967

FUNDS PROVIDED:		
Operating results		$342,799.07
Consisting of:		
Retained earnings for the year	$ 19,293.97	
Charges against operations which in themselves did not require a cash outlay during the year:		
Depreciation	323,505.10	
	$342,799.07	
Refund of Fee on Application for Mining Concession		7,923.80
Refund of Advances to Subsidiaries		600.07
		$351,322.94
FUNDS APPLIED:		
Additions to buildings, equipment and shaft (net)	$402,510.31	
Special Refundable Tax	8,481.13	
Long term debts	321,425.66	
	$732,417.10	
Less: Decrease in working capital	381,094.16	$351,322.94

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

INTEREST IN MINING COMPANIES
AS AT SEPTEMBER 30, 1967

	Investments	Advances
Anaconda Iron Ore (Ontario) Ltd.:		
60,000 Free Shares	$ 36,983.66	
(Pledged, see Note 3)		
Gaspé Metals Ltd.:		
188,200 Free Shares		
1,081,100 Escrowed Shares	70,787.50	
Oka Columbium & Metals Ltd.:		
900,000 Free Shares		
965,000 Escrowed Shares	211,000.00	$ 5,867.73
Lake St. Joseph Iron Ltd.:		
1,026,666 Escrowed Shares	1.00	281,386.84
Main Oka Mining Corporation:		
163,266 Free Shares		
700,400 Escrowed Shares	86,366.60	
Sundry Investments acquired through the issuance of fully paid and non assessable shares of the capital stock of St. Lawrence River Mines Ltd., a predecessor company	287,461.62	
a) Oka Columbium & Metals Ltd.:		
635,000 Escrowed Shares		
b) Antiquois Mining Corporation:		
150,000 Free Shares		
750,000 Escrowed Shares		
	$692,600.38	$287,254.57